

# Internal Auditing Newsletter

## Nebraska Public Employees Retirement Systems

### School Employer Workshops -- July 2008

NPERS' internal audit team reviews the schools' reported information and documentation in greater detail than is done by the State Auditors. This newsletter is intended to give the employer contacts more instruction and helpful hints concerning employer reporting and our internal auditing process.

If you have any questions or need assistance, please contact:

- **Teresa Zulauf**, Internal Auditor, **402-471-7745** or **[tzulauf@npers.ne.gov](mailto:tzulauf@npers.ne.gov)**
- **Christine Ford**, Associate Auditor, **402-471-8763** or **[cford@npers.ne.gov](mailto:cford@npers.ne.gov)**
- **Missy Maguire**, Associate Auditor, **402-471-7075** or **[mmaguire@npers.ne.gov](mailto:mmaguire@npers.ne.gov)**

(or call them using our 800 number or general Lincoln number at the end of this newsletter).

### **DEMOGRAPHICS**

NPERS reviews verification of reported demographics and compares addresses loaded into PIONEER through employer reporting with what the member's account at NPERS contains. When reporting a new employee's address, the process is the same as if an employee has a change in address:

- **On-line** reporters should complete the "Date of Address Change" field with a date that is in the current reporting period. **Example:** For an address reported on a July 2008 report, use a specific date between July 1 and July 31, 2008.
- **Copy forward** reporters, or reporters of other methods after your file has Uploaded, may Edit the report, change the address on the employee's record, and choose Save at the bottom of the screen.
- **Paper** reporters should mark all new or changed addresses in the "Changes/Corrections to Demographic Information" column on the right side of the Wage and Contribution Report form.

Also, be sure to update plan members' address changes *as soon as possible* when reporting to NPERS. This is important to help reduce unnecessary costs for returned mail.

### **FINDINGS**

**Premiums for Long Term Disability (LTD) Insurance** –When a deduction for LTD comes directly from the employee's compensation **without** a reimbursement from the district, you should calculate retirement contributions **before** deducting the LTD amount. When a school pays the cost of the premium, **do not** increase the employee's gross wages by the premium amount prior to calculating retirement contributions.

**Jury Duty** – You should continue to report normal wages while a member is providing jury duty service. One audit discovered that jury duty compensation was deducted from an employee's regular base wages. An employee should not be penalized for providing this civil service, nor should an employee's compensation be artificially inflated by extra compensation for jury duty.

**Date of Hire** – When reporting an employee’s date of hire, you should report the first date the employee provides service to the school, **not** the date he/she was offered or accepted the position.

**Non-Contributing School Member Form** – Whenever contributions cease, you should submit a “Non-Con Form” to NPERS in a timely manner. Even if termination has not occurred, submitting a Non-Con Form will help explain any contribution gap in a member’s account.

**Coaching and Multiple School Employment** – When an individual is providing service to more than one school district, **all** compensation **from all schools** must be reported. Be sure to ask an employee who is hired to provide only one service, such as coaching, if he/she is also employed in any other school district(s) in any capacity. If so, you must withhold and remit contributions, as should the other school(s).

## **AUDIT DOCUMENTATION AND INFORMATION**

When providing documentation and information to NPERS for auditing purposes, please be sure to include **all** applicable information:

**Gross Wages** - Provide everything necessary to verify and calculate gross wages, such as copies of negotiated agreements, amendments to agreements, board minutes affecting wages, individual employment contracts, salary schedules, identification of placement of employee on salary schedule, extra duty schedules, extra duty compensation schedule, school calendars, etc.

**Salaried Employees** - Where applicable, provide hours and rate of pay for over-time and extra duty, provide information concerning stipends, and all information necessary to verify compensation that does **not** match contracted wages.

**Hourly Employees** – Provide hours worked, the applicable hourly rate, and anything relevant to the calculation of gross wages.

**Pay Cycle Information** – Provide start and end dates and the date of check distribution for all categories of employees and be sure to cite a specific cycle. When a pay cycle includes the first of the month to the end of the month and checks are distributed on “the 20<sup>th</sup>,” citing a specific pay cycle will help NPERS distinguish between the 20<sup>th</sup> of the pay cycle or the 20<sup>th</sup> of the following month.

***Example:*** March 1, 2008, through March 31, 2008, was paid on April 20, 2008.

**Hours of Service** – When there is consistency with reported hours of service, NPERS will not usually question what is reported. Hours should correspond to the school’s pay cycle **not** the NPERS reporting period. You must report hours worked for extra duty and overtime. A contracted employee’s hours can be calculated several ways.

***Example 1:*** Divide the total hours provided by the contract by nine to determine the monthly hours.

***Example 2:*** Divide the total contracted hours by the total contracted days to calculate a daily rate and multiply the daily rate times the days worked during the cycle being reported.

**Non-Contributing Employees** – For employees that are **not** contributing to retirement, you are required to provide his/her actual hours worked. NPERS will review the hours to verify ineligibility or if they maintain a valid NC – Election of Non-membership form.

**NOTE:** To maintain ineligibility status, an employee must continue to work **less than 15 hours** each week. If an employee's hours increase during the year to more than 15 hours a week, you should "put them in" the plan at that time. ***When in doubt, "put them in."*** During the audit process, we look at the actual hours worked to determine eligibility and mandate make-ups, not what was intended on July 1 or at the start of employment. When NPERS' internal audit department determines that make-ups are required, we will forward the name of the employee and his/her pertinent information to our Benefits Department to continue the make-up process. NPERS will contact you and request the required information.

## **FINAL AUDIT REPORT**

After NPERS' review of your school's payroll records, we will issue a final report describing the findings. We will also send you correspondence concerning the State Auditors' findings. You will be required to submit a written response to NPERS *within 30 days* of notification. You must provide supporting documentation verifying the corrective action. **Example:** A copy of detailed payroll documentation identifying that LTD premiums paid by the district are no longer being included as compensation.

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(or use our 800 number below).

## **Nebraska Public Employees Retirement Systems**

PO Box 94816

Lincoln, NE 68509

**800-245-5712 or 402-471-2053**

**[www.npers.ne.gov](http://www.npers.ne.gov)**